

## **ATTRACTING CAPITAL TO THE CULTURAL SECTOR:**

### **AN EXPLORATION OF BUSINESS DEVELOPMENT OPPORTUNITIES FOR ARTISTS AND ARTS ENTERPRISES**

"(Art) is tenacious stuff, as persistent as crabgrass, and as hard to kill off as a bad rash... People forgo the comforts of life to make it, sink their life savings into selling it...

And there is not much money in it, unless you've got a charlatan for an agent or you're dead. But don't tell that to the legions of students who show up at RISD each fall, driven by some curious compulsion to create, to make things without so much as a clue as to how they're going to make their way in the world after they graduate."

-Channing Gray

Arts critic Channing Gray and his brother, playwright Spaulding Gray, should know a great deal about survival in the arts world. Both have spent nearly three decades as successful professionals in different aspects of the arts sector. But is their success really as exceptional as the above portrayal would suggest? Can it be explained simply as a case of "the winner takes all," where only a few in the arts world (as in sports) make it to the top? Or is it a question of a lack of preparation, business skills, or a dearth of business development and mentorship opportunities that handicap artists when it comes to financial stability and success?

This study examines the proposition that, given adequate business and artistic training, many artists and new arts ventures can succeed. Although a range of business and technical support options exist for traditional commercial and nonprofit organizations and entrepreneurs in other fields, far fewer training opportunities are available for individual artists and arts entrepreneurs.

This study begins with a snapshot of artists and the changing nature of the creative environment in which they work. It covers both the interests of creative individuals and the interests of those who would find and promote products working with and through artistic creators. Second, it provides an assessment of the system of training made available through curricular and extra-curricular offerings, as well as from public and private resources. This matrix of support includes colleges, universities, arts and business councils, service organizations, state and local arts councils, foundations and unions. Finally, it examines business development models found in other sectors and in government that have potential for the arts and presents a series of recommendations for improvements based on the findings.

This information was gleaned from a number of sources. Labor market information in the first section was drawn from Census data and from a series of recently published reports on artists' earnings. The profile of undergraduate and graduate programs, in large part, was taken from the Barron's guidebooks and admissions materials. Although neither the biggest nor the most targeted school for arts business education, Harvard University was singled out for review, as its curriculum is representative of many traditional business programs. Both the hardcopy and the online bibliography section was culled from a number of

sources, including the review of two large national bookstore chains, a search of a major university library, and multiple online directories. Information concerning arts service organizations was based on research conducted by Margaret Wyszomirski, Joni Maya Cherbo, and their colleagues at Ohio State University. David Pankratz, formerly of Arts, Inc. in Los Angeles, also provided valuable material. The 92<sup>nd</sup> American Assembly on the Arts and the Public Purpose provided background readings on artists and arts service and trade organizations. Federal, state and local profiles were based on a search of websites and directories. Financial information on incubators came from a number of sources, including the National Business Incubation Association (NBIA) and other incubation websites. Finally, I obtained personal assessments of the effectiveness of the sources detailed throughout from personal interviews with a number of artists, administrators, educators, and investment specialists.

## **THE CREATIVE SECTOR, ARTISTS, AND ARTS ENTREPRENEURS**

In the context of this project the fundamental question concerns where, and to what extent, artists and arts entrepreneurs can find the business training and the support they need to succeed. Business training starts with an assessment of what is needed and then learning "how to do it." It includes a range of activities such as marketing, management, financial planning, bookkeeping, costing, and accounting. While artists easily comprehend what is needed in terms of ongoing artistic training, they are often at a loss when it comes to articulating and obtaining what is needed to run a successful business. In addition, a successful business often requires ongoing technical assistance from knowledgeable individuals. This may include help with computers, navigating the Internet, as well as assistance in filing needed legal documents, completing tax forms, fundraising and grant writing, etc. Training and technical assistance often work together to build an individual or organization's capacity to grow and prosper. Similar to sports, such capacity building requires a great deal of work. It takes dedication, much practice and the opportunity to build one's strength as an individual artist or a new arts venture. Finally, having a mentor, good coaches and an appreciative audience go a long way to increase the odds for success.

The stakes have never been higher as artists are among the fastest-growing occupations in the latter half of the twentieth century. Between 1940 and 1998, artists in the labor force grew at a rate roughly two and one half times as quickly as that of all workers. In 1940 artists constituted 0.74 percent of the labor force; in 1998, they were 1.47 percent (i.e., their share of the labor force has doubled). In a study documenting artists' employment patterns and demographic growth from 1970 to 1990, the overall growth rate for the period was 127 percent. It comes as no surprise, given the recent technological revolution, that the largest gains were made by technology-oriented designers, who now account for almost a third of all artists.

This realignment in composition and the significant growth of the universe of arts workers is important for the future. *The Creative Economy Initiative*, a study by the New England Council, rejected the traditional segmenting of the cultural sector by tax status (for-profit, nonprofit, etc.). The report contends that the 'creative cluster,' defined as "enterprises and individuals that directly and indirectly produce cultural products," supports more than 245,000 jobs, more than either the software or medical technology industries in New England. In 2000, that cluster was growing faster than the rest of New England's economy, 14% compared to the 8% in the region overall.

A similar study conducted by the Design Council in the United Kingdom also reported that creative jobs there also are growing rapidly: 1.7 million jobs, or 5% of the UK workforce, now work in creative industries, an increase of 34% in a decade. Creative jobs include traditional arts work as well as knowledge-based work in areas of communication and intellectual property including law, technology, publishing and learning. Given the global nature of the modern economy and the growth in the relative size of the creative sector, business success in this arena is an issue of national and international importance.

If the nature of arts work is changing, the definition of an artist is undergoing a transformation, too. For

example, over the course of its history, the National Endowment for the Arts (NEA) has defined artists by discipline, classifying them into eleven different occupational categories. A different conceptual approach in a 1980 UNESCO report identified artists as anyone

who creates or gives creative expression to, as an artist, or recreates works of art, who considers his [sic] artistic creation to be an essential part of his life, who contributes in this way to the development of arts and culture and who is or asks to be recognized as an artist, whether or not he is bound by any relation of employment or association.

This second definition demonstrates the movement away from a purely professional conceptualization of artists working in traditional art forms to a more inclusive approach. This model involves a broader range of arts-making activities than that represented by the NEA artists' categories. It widens the lens to include the fine arts, the culture industries, including broadcasting, publishing, and other technology-driven forms of mediated artistic expression. Arts professionals work in a wide variety of business settings, independently, or part of a team, with for-profit or not-for-profit arts organization or as self-employed workers. They might work through an agent or other person or concern that helps promote, present or sell their work. Recent studies have shown that there is a great deal of movement between and among the for-profit, not-for-profit and freelance categories of artists' employment.

According to data from the 1990 Census, 55 percent of all performing artists worked as employees in the commercial part of the arts sector, and approximately 30 percent listed themselves as self-employed. The remainder worked in the not-for-profit and government parts of the sector. Earnings of the self-employed performing artists (persons who are classified as neither employees of a commercial or not-for-profit organization or business), came from activities that cross into both the for-profit and not-for-profit categories. For example, 37 percent of all musicians listed themselves as self-employed, with one-third of their earnings coming from salaries and wages in addition to freelance assignments. Conversely, many performing artists who described themselves as employees also listed freelance earnings. These earning patterns may reflect multiple job-holdings in which artists work more than one job to survive. In addition to arts work, it may reflect work in arts-related and non-arts positions.

Seen in another light, these crossover patterns may signal a growing involvement by artists in new business development, both as freelancers and small business owners. Such individuals will be referred to throughout this study as "arts entrepreneurs." This term includes, but is not limited to, anyone engaged in developing an arts event or organization, public, nonprofit or private--those involved in small business start-ups, artists seeking funding for large or small scale public art, as well as arts and community development projects such as festivals or craft fairs. Although each employment situation has its own unique characteristics and challenges, solid business skills, as well on-going training and development are needed for all.

## **Needs Assessment**

A fundamental obstacle for artists in securing the appropriate business training is the difficulty of assessing their own level of business ability and acumen. Artists' business needs run the gamut from legal and taxation issues, fundraising, marketing, insurance, computing and IT training, to the more specific areas of planning and financial management. Even once an assessment has been made, there are no clearly marked avenues for attaining the needed business training. To create an effective system for delivering such instruction, one must learn how and where artists might reach out for business training information. The next section describes some of the available resources uncovered through a search of college guidebooks, bookstores, libraries, and other resources on the Internet.

## **BUSINESS SKILLS AND TRAINING FOR THE ARTS SECTOR**

A review of business training options for both formal arts students and for self-taught and/or self-motivated adult artists reveals that they are not well served by the existing system. Much of the information on curricular and extra-curricular offerings was difficult to uncover and lacked consistency from one provider to another. This proves true for academia as for public and private resources, including bookstores, libraries, the Internet, service organizations, arts councils, foundations and unions that provide information and services to artists. Although there exists a wide range of courses and programs providing nonprofit arts management and business school education, as well as a growing number of programs focused on the entrepreneurial side of business development, there are few programs specifically geared to serve the business needs of artists and arts entrepreneurs. Second, many of the organized arts programs that do exist are focused on providing management education in the nonprofit arts arena and gear their curriculum to skills needed in operating a traditional 501(c) 3 nonprofit arts organization, rather than providing business skills training for new business start-ups. Business training that spans the arts sector, rather than nonprofit management education is a primary need.

### **Undergraduate Curricular Models**

A review of undergraduate arts and graduate business programs (Barron's Guide 2001) shows that many fine arts institutions, conservatories, and liberal arts institutions offer artistic training in the fine, performing and media arts. Rather than a course-by-course breakdown, highlights of those models deemed promising in providing specific business courses, or course sequences, geared toward artists' needs are presented.

Some of the best examples of programs offering undergraduate arts business education are found at the California Institute of the Arts, The Ringling School of Art in Sarasota, Florida Columbia College in Chicago, Illinois, and Rhode Island School of Design in Providence, Rhode Island. Many have partnerships with industry, including Intel, The Walt Disney Company, Silicon Graphics, and DreamWorks. The University of Southern California (USC) takes a different approach, offering entertainment industry education through its Norman Lear Center for Entertainment Studies. In addition, many arts and liberal arts institutions, particularly in Los Angeles, New York and Boston, offer new programs in music industry and e-commerce.

Traditional formal education programs often split business training into production or operations, human or resource management, accounting, financial planning, and marketing. In university settings, they are often housed with other emerging subjects such as information technology (IT). Beyond the range of the now-established IT field are niche areas of Web design and e-commerce, in addition to industry-specific knowledge of intellectual property law, international trade, import/export and immigration law, cultural tourism, preservation/heritage and protection of cultural property, here and abroad. Yet few of these programs currently targeted the arts outside the realm of traditional arts management arena. The situation is relatively the same on the graduate level.

### **Graduate Curricular Models**

*Barron's Guide to Business Schools* (2001) lists more than 626 graduate, business school degree programs. Few address the business side of the arts, and little of what is offered relates to the arts/entertainment industry or the commercial part of the arts sector.

For example, Harvard Business School offers a full-time master's in business administration program and a number of executive education programs. The school takes a case study approach, using problems in manufacturing, government, financial institutions, and so on. Given the growing importance of the arts and cultural sector in the U.S. and world economies, it is surprising to discover that of the 7,500 cases Harvard published in 2000, only nine had to do with arts administration. In short, very few of the cases considered, and little of the broad curricular areas, speak to artists' needs.

Harvard Business School defines entrepreneurship as the pursuit of opportunities, and it describes entrepreneurship as a way of managing. The entrepreneurial curriculum has been a part of Harvard for more than fifty years. It also publishes *New Business*, a quarterly journal of entrepreneurial pursuits. Harvard also sponsors a business plan contest, whose winners receive funding and in-kind donations for execution of proposed business plans. An integral part of graduate education, business plans competitions have the potential for "life beyond the university," presenting opportunities for partnerships with local, state, and federal sponsors around a range of real-life business problems.

Other institutions designed specifically to meet the needs of artists and arts entrepreneurs. For example, the Anderson School of Management at UCLA offers an MBA in management of entertainment, media, and communications, and houses a Center for Entrepreneurial Studies. New York University offers an innovative graduate program in music business that has the potential for expansion into other arts areas, and the University of Southern California's Marshall School of Business offers opportunities for executive development for artists through its Center for Effective Organizations.

### **Executive Education Programs**

Executive education programs operate on the premise that senior executives are not so much in need of another degree as an opportunity to step back from day-to-day business and broaden their perspectives. Most programs are designed to foster life-long learning with real world applicability. Program areas include general management, owner-managed business strategy, financial management, negotiation and managerial decision making, leadership and change, social enterprise, technology and operations management, marketing and sales, and personal development. Most programs are geared to organizations with at least \$3 million in revenues (not individuals or sole proprietorships), and the social enterprise area aims to help nonprofit organizations enhance effectiveness through better management of boards and better general management of the business.

The Denali Initiative for Profit, Non-profit and Social Enterprise, sponsored by the Manchester Craftsman's Guild in Pittsburgh, Pennsylvania uses an executive education model relevant to development in the arts. Started in 2000, the Denali Initiative's mission is to identify leaders with demonstrated entrepreneurial potential and high ethical standards. Its core team of faculty and coaches include senior members of the business school faculty from Stanford and Harvard Universities and regional foundation coach/mentors, including mentors from the arts sector. Although targeted to leaders within not-for-profit organizations, this model holds significant promise for further development for the arts and could be expanded to individual artists as well as leaders in arts organizations.

### **Extra and Post-Curricular Training in the Arts Sector**

The notion of "extra curricular" refers to study both within and beyond academic settings. First tier extracurricular models include college-based clubs and associations. Second tier models, located just outside the college gates, are referred to as post-curricular, as most participants have some association with the college, either as alumni or as part of an extended learning community; and third tier support involves training provided by organizations and individuals outside academe altogether.

According to the 2000 Census, artists are well educated, but little research has investigated their training in business skills. On the extracurricular and pre-graduation level, many liberal arts (and a growing number of conservatories and fine arts institutions) are beginning to recognize the need for better methods of connecting their students to the world of work. National trends suggest a growing popularity for college-sponsored internships and other forms of experiential learning. One of the largest related clubs on campus today is the Music Education in Industry Student Association, which provides students the chance to explore their entrepreneurial side through many different venues, including concert promotion, events management,

and business competitions involving the arts.

Another innovative model of post-curricular programming is co-sponsored by Rhode Island School of Design and Bryant (Business) College. The organization, established in 1997, offers a wide range of programs to help visual artists create business plans, bring their ideas to market, and assist them in the basics of entrepreneurship. Its larger mission is to "unite the design and business communities for the purpose of economic development." Each year the Center offers workshops for participants roughly five to ten years out of college. One drawback is cost. Ranging from \$50-250, not great compared to the cost of formal education, but considered pricey by many of the emerging and newly established artists surveyed for this study. Still, this program is considered a model for arts and business training partnerships.

Outside academe, extra-curricular support ranges from informal methods of self-help books, to texts and to more formal methods of business instruction and mentorship. There are many ways to launch career or arts venture, such as working as a sole proprietor, as an artist in a start-up organization, or as an employee in a nonprofit or for-profit venture. In all three cases, access to the most basic training may prove to be a financial hardship. It is important that resources be available in both a timely and cost-effective manner.

### **Resources: Bookstores & Libraries**

In today's virtual world, resources can be found in bookstores, libraries, and online at a number of arts-related and general Web sites. Although the search options are many, the offerings available are limited and only a small percentage of what the national bookstores offer apply to the arts audiences. This is evidenced by the entire mini-industry that has been created to lure the worker into "doing what you love and loving what you do,"--that is hardly the issue for an arts audience. The 'career path' section misses the mark as well. This leaves three areas to be explored -- the sections for small businesses, entrepreneurs and the nonprofit sector. In a survey of two major bookstore chains, Barnes and Nobles and Border's Books, a number of titles were available for arts administrators. Board and donor management is the main focus point. The nonprofit arts entrepreneur is offered little other than grant-writing advice and a database of potential funders. Print resources must be developed to meet the needs of individual artists and arts businesses.

What was most obvious was the lack of new titles given the growth of the field in general. The general small business section runs the gamut from the *Small Business Kit for Dummies* (Harroch, 1998) to *The Small Business Money Guide* (Lonier & Aldisert, 1999). Many of the titles found do offer useful chapters (the value of business planning, bookkeeping and accounting basics), alongside chapters that may be less pertinent (organizing a corporation). Other books offer useful overall financial planning advice at the level of sophistication appropriate for arts audiences.

The bookstores visited devoted little shelf space to resources for creative individual in search of enterprising skills; only a small number of dedicated titles were found. The two exceptions in the arts and culture realm were music business and the graphic design industry. Comparatively, the music business offers the best comprehensive guides (e.g., *This Business of Music: The Definitive Guide to the Music Industry* [Krasilovsky & Shemel, 2000]). In that area, one can attain a clear understanding of recording contracts, labor agreements, foreign distribution, publisher and writer agreements, public domain, performing rights, mechanical rights, songwriter contracts, royalties, and copyright. A better system of identifying titles and cross-referencing appropriate chapters would help artists find the targeted information they need.

The Internet is a valuable search engine for locating books and other resources. Queries can be made through a search by title or by subject matter. For example, a search of the term "arts management" on the national bookstore Web sites was fruitful but difficult to cull through. In general, the best representation was for music industry touring/booking with craft businesses following. Some attention was paid to general arts

marketing, stage management and professional acting/voice overs/commercials. The less commercial performing arts (modern dance, ballet, performance and interdisciplinary arts) were almost completely absent in this venue.

In addition to the major online booksellers, there are a variety of alternative publishers have Web sites offering relevant information. For example, the New York chapter of Volunteer Lawyers for the Arts (VLA) has one of the helpful of such web sites. It offers a wide variety of resources, usefully grouped into segments: mediation, performing artists, writers and independent publishers, musicians and composers, photographers, film and video artists, visual artists and craftspeople, in addition to categories for non-profit organizations, for profit organizations, estate planning and administration. In addition to discipline specific resources, it also offers seminars such as "Artists' Rights and the New Technologies" (May 2000).

Business Volunteers for the Arts offers a *Performing Arts Business Encyclopedia* (for individuals and organizations) and internally produced publications such as *The Arts Guide to Business Sponsorship: A Workbook* (1999). In addition, many of the major arts associations have Web sites offering publication information. Most of the publications listed at three of the major associations' sites (DanceUSA, Opera America, and Theatre Communication Group), focus on aspects of touring and funding rather than on aspects of business training. In the future, it would be helpful to have all this material in one, all encompassing portal or directory, organized by category, and cross-referenced.

## **The Internet**

The Internet has the potential to be a major tool for the dissemination of information, online training and mentorship opportunities and a way to put artists in touch quickly with organizations and individuals providing business training and investment counseling. In the past Web sites providing arts business training proved both cumbersome and difficult to navigate. Although there were links from site to site, there was little evidence of an organizing principle behind the system and no readily available mechanism for obtaining help. The good news for artists is that a major new Web site was launched in 2002 designed to address many of these issues.

The site is housed within the homepage of the New York Foundation for the Arts (NYFA). It grew out of a major initiative on artists' needs spearheaded by the Urban Institute with backing by over twenty funding organizations. As described, NYFA's mission started with individual artists in the visual, media, performing and literary arts in the New York area. It now reaches out to all art forms and all regions, and offers the most comprehensive list of opportunities for artists, including business training and technical assistance. In fact, there is a specific section under the "For Artists" heading on business of art information. This includes a "Q & A" section *Ask Dr Art* that specifically addresses questions raised by working artists. Other sections for individuals include articles about business aspects of the arts and interviews with a range of professional artists. There is a technical assistance section geared specifically to Web site development, too. In addition to information for individuals, the site has sections for organizations, donors and the "art curious." The jury is still out as to the effectiveness of this effort, but it is an important step by the part of funders to provide an avenue for addressing artists' needs.

## **Support from Organizations**

The organizations discussed in this section fall into three main categories: organizations with primary missions in the arts; those whose primary missions outside the arts but whose programs have the potential to assist artists; and joint arts and business partnerships. "Art service organizations" are service organizations, professional organizations, voluntary associations, unions, and trade associations dealing specifically with the concerns of artists and cultural organizations. They include national and local art service organizations, state and local arts councils, foundations and unions.

Many types of non-arts organizations offer business support to that is of use to individual artists. For example, private groups such as the Arts and Business Council (ABC), developed three programs that have expanded nationally: Business Volunteers for the Arts (BVA), the Arts to Business Database (A2B), and the National Arts Marketing Project (NAM). A2B and NAM are targeted at artists that are ready to take on the commitment of ambitious marketing. BVA primarily serves nonprofit arts organizations, with the express goal of improving business practices while also enhancing the quality of life for the business volunteers. BVA chapters are not as common nationally as the VLA, but their resources fill another part of the arts and business publications niche. BVA is now celebrating over 25 years in operation. According to Peter Bramonte, executive director of the Rhode Island ABC, the organization is going through growing pains. The ABCs are exploring ways to broaden their scope in order to assist more in the field, including individual artists and arts entrepreneurs. A major part of this effort has been to host workshops and daylong events targeting a range of issues identified as important to artists and organizations. Even those events that target organizations make certain that there are tracks in each program that address the needs of individual, such as building an individual marketing or development director's capacity as a professional in that area.

One way that the Arts and Business Councils have succeeded in their outreach efforts at the state level is through effective partnerships. For example, in the fall of 2003 in Rhode Island, the ABC is planning to partner with the Lt. Governor Charles Fogarty, chairman of the state Small Business Advisory Council, in sponsoring a daylong arts summit on artists' business needs, entitled Arts as An Economic Engine Forum. Other partners include the State Arts Council, local arts agencies, researchers, municipalities and, most important, artists. It is interesting to note that in a preliminary survey of almost 800 RI artists the most important issue for those who responded was the need "to network/get to know business and community development leaders." In second place was a desire "to learn about successful models in other communities that bring arts and business together for community and economic development."

At the federal level, two main resources have provided assistance to artists: the NEA and the Small Business Administration. In the past, the NEA has provided assistance to individual artists, mostly in the form of monies for residencies, grants and fellowships. This support also included some assistance in grants writing and other forms of professional and technical assistance, but never really arts business training. Over the past decade, the NEA has curtailed the scope of its programs for individuals and now focuses most of its effort on assisting arts organizations. The Small Business Administration (SBA), a business-oriented assistance provider, operates satellite offices in all fifty states and the territories and supports the Service Corps of Retired Executives (SCORE). The SCORE program can be a valuable resource for the small business or entrepreneur, although its volunteers tend to be retired executives, mostly familiar with manufacturing and service-based organizations. The SCORE Web site provides working papers on budgeting, accounting, marketing, technology and health insurance options.

A number of SBA Web sites across the nation showed programs with potential for assisting artists. In North Dakota, the SBA offers an on-line mentorship program. In Utah, the SBA listed programs for entrepreneurial efforts, minority business development and women business owners and businesses willing to relocate in historically disadvantaged business zone (a natural for artist work/living spaces). In fact, many of the SBA's programs could be applicable in the arts sector, if positioned properly. One step would be to develop appropriate benchmarks, or measures of arts business success that correspond to those benchmarks that the business sector employs. As most of the SBA's programs are clients are small for-profit businesses, success is measured in terms of the viability of the business and the economic growth it represents within a given community.

Many state arts councils offer training programs for both arts organizations and individual artists (but not arts businesses). For example, the Missouri Arts Council (MAC) workshop "Beyond 2000: Building and Maintaining Strong Arts Organizations," focused on stabilizing the arts organizations in the state. Sessions include negotiation and conflict resolution using arts-related scenarios as well as strategic planning and



earned income. The Ohio Arts Council's conference "Get Your Arts in Gear" had artists' tracks addressed contracts, accounting and taxes for working artists, and an overview of the internet specifically addressing hardware, software, multimedia, basic Web design, etc.

State and local private organizations, such as California Lawyers for the Arts in Los Angeles, help artists and arts organizations apply legal concepts; capacity-building programs include workshops and music business seminars presented in collaboration with ASCAP, BMI, and the Recording Academy. The Digital Coast Roundtable in Los Angeles provides services in entrepreneurship, finance, e-commerce, content development, and marketing for the new media and technologies industries. When the statistics in this area are eventually collected and analyzed, this type of workshop learning at the state or local level might prove to be the most common form of non-academic training available to artists and arts entrepreneurs.

Foundations, too, are actively working to strengthen the capacity of an organization or artists to develop the skills and abilities to succeed financially. As mentioned, the Urban Institute is presently conducting research on artists' needs including business-related concerns. On a programmatic level, the Jacobs Center for Nonprofit Innovation/Jacobs Family Foundation in San Diego provides capacity-building support for nonprofits (including the arts), and follows venture capital practices of funding partnerships and long-term team support for strategic planning and management. For the past few years the James Irvine Foundation in California has listed among its major programmatic goals arts and cultural workforce development. Among its priorities are strengthening institutional leadership and capacity-building and encouraging innovation and change. This last category includes building better distribution systems and strengthening practices in training, creation, distribution, preservation, financing and/or management of the arts." An example of an Irvine-sponsored arts/business project is its support of individual California artists through a program designed to establish a venture capital fund for innovative projects, administered by Creative Capital Foundation in New York. Finally, many local foundations, such as the community-based Rhode Island Foundation, the Boston and LEF Foundations, are exploring ways to foster the arts through the kind of research, funding and capacity-building programs described above. Although artists may have become accustomed to thinking of arts councils and foundations in terms of financial support, business-related workshops and services are being offered with more frequency. Arts organizations are turning to local and state arts councils for advice in business planning and organizational development as well as for funding.

A project mapping and analyzing the services, activities, and networks of support provided by arts service organizations was recently conducted at Ohio State University. Researchers found that, while foundations and arts councils traditionally offer workshops providing assistance with their own funding applications, the funding environment has been so radically altered that a wider range of support services are needed. Given recent cuts and the need to curtail services to state arts councils, these new efforts may very well be in jeopardy.

Many artists have a network of professional organizations (e.g. guilds and unions) for training and professional development. Actors can turn to Web sites for the Screen Actors Guild, Actors Equity Association, and AFTRA (American Federation of Television and Radio Artists) for information on professional standards, hot topics, and programs and publications for member professional development. Further research is needed on the effectiveness and extent of these networks. For example, six major performance and three major non-performance unions offer varying levels of services to artists. This network, better connected and linked, has tremendous potential to inform the field. Yet, although more organized than most, it is lacking in content, it lacks the targeted business training and information addressed previously.

Two of the most powerful arts service organizations are the National Association of State Arts Agencies (NASAA), and Americans for the Arts (AFA). NASAA works on behalf of artists through state arts councils. AFA works through its member local arts agencies and provides a host of services to both

organizations and individuals. AFA's Web site is one of the best Internet sites for arts information. It provides links to information and services across the arts spectrum. Other arts service organizations such as DanceUSA, Opera America, and Theatre Communications Group, provide valuable information about discipline-based opportunities, mostly in areas of professional development and touring, but little training or information on the business aspects of running a successful arts venture or organization.

## **BUSINESS DEVELOPMENT MODELS WITH POTENTIAL FOR THE ARTS**

Outside a limited number of academic courses and extracurricular workshops on the topic of nonprofit arts management, the business aspects of the arts are only beginning to receive attention from academe and the business community. With the broadening of the definition of the arts sector and the more inclusive definition of "artist," the potential for academic, community and business involvement in providing training has expanded. The arts are areas ripe for business expansion.

### **Business Plan Competitions**

One of the most interesting curricular innovations, involving partnerships between universities and arts businesses, is the business plan competition, such as that co-sponsored by The NASDAQ and San Diego State University. This model of business problem solving allows the arts to compete with other areas such as biotech and e-commerce in developing operational and financial strategies to reach their goals. (Information about business plan competitions offered through other graduate schools partnerships can be found through the Association of Small Business Development Centers.) Business plan competitions are an underutilized resource for the arts sector, and combined with on-going forms of training and support, they offer an important component of a business development strategy. They offer particular potential for the growth areas of music industry and technology-related and online arts enterprises.

### **The Incubator Model**

Artists and arts business can also be supported through a method common in other sectors, incubation. While the economy has "cooled," there are still some notable models emerging that are addressing artists' and arts' business needs beyond basic business training. One example is the "Business Incubator," whose subsets including the "Arts Incubator" and the "Business Accelerator." More than 1,200 business incubators exist. They are defined as comprehensive and integrated organizational development and facility services designed as a catalyst for and to support management growth over three to six years. The National Business Incubation Association (NBIA) adds that on-site management, which develops and orchestrates business, marketing, and resources tailored to a firm's needs, is critical to the definition of an incubator. An accelerator operates at the next level up from an incubator. Its purpose is to propel the new venture to the next business level, launching it as a mature enterprise.

A number of models of incubation deal with creative endeavors, such as Idealab, a for-profit incubator located in Pasadena, California. Through financial support and development strategies, it launches and operates Internet businesses. Idealab provides advice on technological, legal, marketing/branding, design, and structural issues. Additional incubators can be found among the membership of the Pacific Incubation Network and the California Incubation Network. Venture capital programs with potential to support arts and culture initiatives such as Idealab can be found at Venture Capital Online and in the *Venture Capital Resource Directory*. Although the arts do have their own set of unique variables, they share many common characteristics with new technology and creative industry enterprises. More needs to be done in identifying the similarities between such entrepreneurial ventures (as well as the differences), and developing a business training and development strategy that encompasses the needs of all.

A June 2000 Americans for the Arts conference on effective technical assistance included an overview of

five such incubator models that specifically address arts organizations. Four of the five models profiled targeted only non-profit arts organizations. (The notable exception is Entergy Arts Business Center, an organization sponsored by the Arts Council of New Orleans, which lists individual artists and for-profit arts businesses in its member profile.) The incubators charge a monthly fee, ranging from \$100 to \$500, with top end fees including rent. Program services tend to have a facility component, which could include free use or discounted rates for any number of the following including individual and shared office space, shared equipment and programming space.

Incubators often offer technical assistance, including annual and long range planning, individual consulting (business planning, implementation, marketing, financial or personnel advising as well as general feedback and advice), training events; and hands-on learning; and materials and resources such as libraries, publications, etc. Direct services include box office and marketing of events and performances, group health insurance, and grants for staffing. Selection criteria vary from group to group and factor in fiscal accountability, artistic merit, innovation, and commitment to development, non-profit status and some minimum requirements for staffing and organization age.

Although many incubation projects are under way around the country, very few focus on the arts. According to NBIA statistics, the arts are included in the targeted category along with such specific industries as biomedical, wood products, food production and fashion, all of which account for only 9 percent of its projects.

In the past, the Irvine Foundation has supported a number of arts incubation projects in California, including a grant to the Peninsula Community Foundation in San Mateo to develop a start-up planning and learning activities for a philanthropy incubator project. In the Southern California area, incubators include EC2 and the Interactive Multitainment Advanced Technology Center. Other notable models have included Arts Bridge in Chicago and the S.E.E.D. Institute of Southern California.

Workshops on starting arts incubators are still being held throughout the United States, many sponsored by the NBIA. Needless to say, the economy in 2003 is not in a healthy state and new business development, both within and without the arts, faces difficult challenges. The future of incubation is part of this equation. As an article in the *New York Times* cautioned, the attractiveness of incubators and accelerators may be waning. Incubators have been hit hard by the recent downturn in the stock market. Both incubators and accelerators involve a great deal of risk and a great deal of investor faith and capital. The general viability of incubators aside, if the incubator model is to survive in the arts sector, new benchmarks for success need to be developed to take into account quality of life issues and other intrinsic values of the arts in a community. Thus, the investor's expectation for rate of return would be colored by factors outside economics, and the model would include qualitative as well as quantitative measures of success.

### **Other New Business Models**

Much has been made of the potential for growth of biotechnology and e-commerce. The uniqueness of these ventures lies not just their subject matter, but their approach towards work. As trend guru and prognosticator Tom Peters stated, more workers from other sectors will be joining artists in the freelance or free agent ranks. As Leslie Evans, New York business coach and proponent of the "free agent" concept argues, more and more individuals will be leaving the ranks of the traditionally employed and moving into more fluid partnerships, with multiple ventures and changing roles within each new collaboration. The new economy and the new creative industries will drive this trend based on their preference for strategic alliances and a desire to find creative entrepreneurs to staff their projects. The kinds of business training that artists need may well be valuable to other kinds of free agents.

## **CONCLUSION: BARRIERS, BRIDGES AND BROKERS**

There is a real possibility for artists and new arts ventures to succeed if at least three key ingredients are present: creativity, funding and the business to develop the creative product. Creativity and funding aside, the key question is where can artists go for business training? Many graduates of fine arts institutions and conservatories leave without knowing the basics of business survival. At the same time, many artists feel they do not have the time or the financial resources to study the business aspects of their arts career in a formal setting. In addition, most business curricula focus on nonprofit management, not business training for artists outside the realm of not-for-profit management. In looking at the extra-curricular options available, one might conclude that extracurricular learners have a wealth of resources at their disposal, but a more careful reading of the environment belies that assumption. Artists and arts entrepreneurs are not well served by available resources.

Although many barriers prevent artists and arts ventures from securing successful arts business training, there are many potential areas for growth and expansion. The question is how to develop a system of support that best works for them. Music business programs, business plan competitions, arts incubators, and programming from arts service organizations are beginning to address this issue. In addition, rather than targeting only nonprofit institutions, new models such as incubators are targeting individual artists/entrepreneurs, and are addressing issues of business planning, space and pricing accordingly. There are many ideas for creating effective bridges to reach artists and help them determine what is needed to success and how to accomplish it. More needs to be done on the undergraduate level to work with artists before they begin their careers, and more needs to be done to support those who hope to build successful arts ventures.

More attention needs to be paid to making the Internet both available and user-friendly for artists and arts enterprises. The good news is that efforts are underway to ensure this happens. More services should be developed to assist artists and arts entrepreneurs in finding the information they need quickly and efficiently.

In addition, more could be done in terms of education and training, both in the classroom and in the community. Many more questions need to be asked as to the needs of artists and arts enterprises, including such issues as the career pipeline that exists in each artistic field. Open lines of communication with unions and professional associations are important for uncovering models of best practice that might be expanded to serve the broader arts clientele. Cross-sectoral alliances and partnerships, such as those between the entertainment industry and high education, are also potential models for professional development. More alliances need to be forged. Given the one in Rhode Island among the Lt. Governor, small business groups, arts business councils, state arts councils, municipalities, researchers and artists, effective collaborations can occur and have the potential to change the playing field for artists and arts ventures. Programs such as theses can assist artists in gaining the business acumen and the skills to better market their products and find their niche. Artists and arts entrepreneurs will then be able to develop a business sense, as well as an artistic one. The barriers are real, but the possibilities are, too.

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#### ON-LINE SOURCES

[actorsequity.org](http://actorsequity.org) (Actors Equity Association, AEA)

[amazon.com](http://amazon.com) (Amazon.com)

[artsmarketing.org](http://artsmarketing.org) (National Arts Marketing Project)

[artsusa.org](http://artsusa.org) (Americans for the Arts)

[artserve.org](http://artserve.org) (Florida arts incubator)

[aftra.org](http://aftra.org) (American Federation of Television and Radio Artist, AFTRA)

[artsandbusiness.org](http://artsandbusiness.org). (Arts and Business Council)

[bn.com](http://bn.com) (Barnes & Noble)

[borders.com](http://borders.com) (Borders Books and Music)

[centerdesignbusiness.org](http://centerdesignbusiness.org). (RISD/Bryant College partnership)

[designcouncil.org](http://designcouncil.org).

[denaliinitiative.org](http://denaliinitiative.org). (Denali Initiative)

[fuel4arts.com](http://fuel4arts.com)

[gcac.org](http://gcac.org) (Greater Columbus Arts Council)

[idealab.org](http://idealab.org) (idealab)

[missouriartscouncil.org](http://missouriartscouncil.org) (Missouri Arts Council)

[NALAA.org](http://NALAA.org) (National Association of Local Arts Agencies)

[NASAA-arts.org](http://NASAA-arts.org) (National Association of State Arts Agencies)

[NBIA.org](http://NBIA.org) (National Business Incubator Association)

[NYFA.org](http://NYFA.org). (New York Foundation for the Arts)

[oac.state.oh.us](http://oac.state.oh.us) (Ohio Arts Council)

[sag.org](http://sag.org) (Screen Actors Guild, SAG)

[score.org](http://score.org) (Service Corps of Retired Executives)

[vlany.org](http://vlany.org) (Volunteer Lawyers for the Arts-New York)